

**Subpart E—Solid Minerals, General  
[Reserved]**

**Subpart F—Coal**

**§ 202.250 Overriding royalty interest.**

The regulations governing overriding royalty interests, production payments, or similar interests created under Federal coal leases are in 43 CFR group 3400.

[54 FR 1522, Jan. 13, 1989]

**Subpart G—Other Solid Minerals  
[Reserved]**

**Subpart H—Geothermal  
Resources**

SOURCE: 56 FR 57275, Nov. 8, 1991, unless otherwise noted.

**§ 202.350 Scope and definitions.**

(a) This subpart is applicable to all geothermal resources produced from Federal geothermal leases issued pursuant to the Geothermal Steam Act of 1970, as amended (30 U.S.C. 1001 *et seq.*).

(b) The definitions in 30 CFR 206.351 are applicable to this subpart.

**§ 202.351 Royalties on geothermal resources.**

(a) Royalties on geothermal resources, including byproduct minerals and commercially demineralized water, shall be at the royalty rate(s) specified in the lease, unless the Secretary of the Interior temporarily waives, suspends, or reduces that rate(s). Royalties shall be paid in value. The royalty due shall be the value determined pursuant to subpart H of 30 CFR part 206 multiplied by the royalty rate in the lease.

(b)(1) Royalties are due on all geothermal resources, except those specified in paragraph (b)(2) of this section, that are produced from a lease and are sold or utilized by the lessee or are reasonably susceptible to sale or utilization by the lessee.

(2) Geothermal resources that are unavoidably lost, as determined by the Bureau of Land Management (BLM), and geothermal resources that are re-injected prior to use on or off the lease,

as approved by BLM, are not subject to royalty. The Minerals Management Service (MMS) will allow free of royalty a reasonable amount of geothermal energy necessary to generate electricity for internal powerplant operations or to generate electricity returned to the lease for lease operations. If a powerplant uses geothermal production from more than one lease, or uses unitized or communitized production, only that proportionate share of each lease's production (actual or allocated) necessary to operate the powerplant may be used royalty free. The MMS will also allow free of royalty a reasonable amount of commercially demineralized water necessary for powerplant operations or otherwise used on or for the benefit of the lease.

(3) Royalties on byproducts are due at the time the recovered byproduct is used, sold, or otherwise finally disposed of. Byproducts produced and added to stockpiles or inventory do not require payment of royalty until the byproducts are sold, utilized, or otherwise finally disposed of. The MMS may ask BLM to increase the lease bond to protect the lessor's interest when BLM determines that stockpiles or inventories become excessive.

(c) If BLM determines that geothermal resources (including byproducts) were avoidably lost or wasted from the lease, or that geothermal resources (including byproducts) were drained from the lease for which compensatory royalty is due, the value of those geothermal resources shall be determined in accordance with subpart H of 30 CFR part 206.

(d) If a lessee receives insurance or other compensation for unavoidably lost geothermal resources (including byproducts), royalties at the rates specified in the lease are due on the amount of that compensation. This paragraph shall not apply to compensation through self-insurance.

**§ 202.352 Minimum royalty.**

In no event shall the lessee's annual royalty payments for any producing lease be less than the minimum royalty established by the lease.